

## Message Text

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PAGE 01 STATE 085778  
ORIGIN STR-07

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 COME-00 EA-10  
CEA-01 CIAE-00 DODE-00 EB-08 FRB-03 H-01 INR-10  
INT-05 L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05  
SS-15 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15  
NSCE-00 SSO-00 ICAE-00 INRE-00 OIC-02 AF-10  
ARA-10 EUR-12 NEA-10 /152 R

DRAFTED BY STR/BSEASTRUM/MFD  
APPROVED BY STR/JSTARKEY  
USDA/BHARPER/KHOWLAND  
COMMERCE/LHOLEC

-----092468 040150Z /64

O 040057Z APR 78  
FM SECSTATE WASHDC  
TO USMISSION GENEVA IMMEDIATE

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USMTN

E.O. 11652: N/A

TAGS: ETRD, MTN

SUBJECT: PRELIMINARY ANALYSIS OF AUSTRALIA OFFER

REF: GENEVA 4500

1. THE FOLLOWING IS A ROUGH PRELIMINARY ANALYSIS OF THE AUSTRALIAN OFFER BY USDA AND COMMERCE, FOR PURPOSE OF APRIL 4 MEETING.
2. AUSTRALIAN AGRICULTURAL OFFER: OF THE 19 AGRICULTURAL REQUESTS WE MADE OF AUSTRALIA, WE RECEIVED OFFERS ON 14 AND LIMITED OFFICIAL USE

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NO RESPONSE ON 5. OF THE OFFERS, HOWEVER, ONLY ONE INVOLVED FULL SATISFACTION OF OUR REQUEST AND ONE A PARTIAL RESPONSE. THE OTHERS WERE MERELY OFFERS TO BIND THE TEMPORARY DUTY CURRENTLY IN EFFECT. IN ADDITION, OF THE TWO FISH REQUESTS WE MADE, ONE WAS RESPONDED TO WITH ONLY AN OFFER TO BIND THE CURRENT DUTY RATE, AND THE OTHER WAS NOT RESPONDED TO. WE HOPE THAT AUSTRALIA WILL REVIEW AGAIN

OUR AGRICULTURAL REQUESTS AND BE ABLE TO MAKE A MORE FORTHCOMING OFFER.

3. BACKGROUND ON TOBACCO MIXING REGULATION: PRESENTLY AUSTRALIA REQUIRES A MINIMUM OF 50 DOMESTIC LEAF IN ITS TOBACCO MANUFACTURE USAGE. HOWEVER, MANUFACTURERS RECENTLY

HAVE BEEN "VOLUNTARILY" USING 55-58 PERCENT. TOBACCO CONSUMPTION IN AUSTRALIA HAS DROPPED OFF WHILE PRODUCTION REMAINS CONSTANT, THUS CAUSING GROWERS TO EXERT PRESSURE FOR A HIGHER MIXING REQUIREMENT. AUSTRALIAN TOBACCO MANUFACTURERS, BESIDES THE MIXING REGULATION, ARE ALSO SUBJECT TO A STOCKHOLDING REQUIREMENT OF EIGHTEEN MONTHS' WORTH OF INVENTORY. THUS IF A MANUFACTURER USED A MILLION POUNDS OF TOBACCO ANNUALLY, HE WOULD HAVE TO CARRY 1.5 MILLION POUNDS. IN EFFECT THE MANUFACTURERS BECOME PRICE STABILIZERS. ON THE GATT HISTORY OF THE MIXING REGULATION, WE ARE STILL RESEARCHING THIS POINT BUT MAINTAIN OUR REQUEST AS BOTH A TARIFF AND NTM MATTER.

4. INDUSTRIAL OFFER: THE AUSTRALIAN TARIFF OFFER IS NOT RESPONSIVE TO US REQUESTS. THE UNITED STATES REQUESTED TARIFF REDUCTIONS ON APPROXIMATELY 130 INDUSTRIAL TARIFF LINES. AUSTRALIA FAILED TO RESPOND AT ALL TO ABOUT ONE QUARTER OF THESE REQUESTS. FOR ANOTHER HALF OF OUR INDUSTRIAL REQUESTS AUSTRALIA IS ONLY OFFERING TO BIND THE LIMITED OFFICIAL USE

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CURRENT APPLIED RATE AND FOR SEVEN TARIFF LINES OFFERING TO BIND A RATE THAT IS HIGHER THAN THE CURRENT APPLIED RATE. AUSTRALIA MET THE US REQUEST ON ONLY 4 ITEMS, THREE OF WHICH WERE REQUESTS FOR BINDING OF A CURRENT ZERO RATE. ON ANOTHER 7 ITEMS AUSTRALIA HAS OFFERED TO PARTIALLY MEET OUR REQUEST EITHER BY MAKING A MINOR TARIFF REDUCTION OR BY REDUCING THE TARIFF ON A PORTION OF THE PRODUCTS INCLUDED IN THE TARIFF LINE REQUESTED.

5. THE AUSTRALIAN OFFER IS NOT ACCEPTABLE. IT PROVIDES FOR ALMOST NO REAL TRADE LIBERALIZATION ON INDUSTRIAL PRODUCTS. THE UNITED STATES MADE 9 NTM REQUESTS OF AUSTRALIA, OF WHICH THE AUSTRALIAN OFFER IS RESPONSIVE TO ONLY ONE -- THAT CONCERNED WITH PRIMAGE DUTIES. THIS IS THE SINGULAR INSTANCE IN WHICH AUSTRALIA WAS RESPONSIVE AND IT MERELY INDICATED A WILLINGNESS TO PURSUE THE REQUEST FURTHER IN GENERAL BILATERAL CONSULTATIONS. AUSTRALIA HAS ALSO INDICATED THAT IT CONSIDERS PRIMAGE DUTIES TO BE APPROPRIATELY ADDRESSED IN THE CONTEXT OF TARIFF NEGOTIATIONS.

6. OVERALL AUSTRALIA'S OFFER ON NTMS IS A DISAPPOINTING

ONE WHICH AT THIS STAGE FAILS COMPLETELY TO MEET OUR NEEDS.  
WE NEED TO ACTIVELY SEEK OUT THE AUSTRALIAN POSITION ON  
NTMS REQUESTED BY THE US AND NOT RESPONDED TO IN THIS OFFER  
BEFORE WE CAN MAKE A MEANINGFUL EVALUATION OF ITS WORTH TO  
THE US. CHRISTOPHER

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PAGE 01 STATE 085778  
ORIGIN EA-12

INFO OCT-01 ISO-00 /013 R

66011  
DRAFTED BY EA/ANP:EHURWITZ  
APPROVED BY EA/ANP:EHURWITZ  
-----116033 051017Z /15  
R 050320Z APR 78  
FM SECSTATE WASHDC  
INFO AMEMBASSY CANBERRA 6890

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FOLLOWING REPEAT STATE 085778 ACTION GENEVA APR 4.

QUOTE: C O N F I D E N T I A L

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USMTN

E.O. 11652: N/A

TAGS: ETRD, MTN

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UNQUOTE VANCE

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGRICULTURE, TRADE AGREEMENTS  
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**Copy:** SINGLE  
**Draft Date:** 04 apr 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
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**Original Handling Restrictions:** ONLY  
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**TAGS:** ETRD, MTN  
**To:** GENEVA USMTN  
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Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014